



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Pacific Capital Bancorp (Pacific Capital Bank, N.A.)

Person to be contacted regarding this report:	Donald Lafler
CPP Funds Received:	\$180,634,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	11/21/2008
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	1029884
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	18169
City:	Santa Barbara
State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	The CPP capital was used to support new loan volume in 2009. The Bank funded new loans of: \$105 million in 1Q09, \$151 million in 2Q09 and \$76 million in 3Q09. Without the CPP capital the Bank would not have been in a position to continue originating new loans in 2009.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The Bank's Loan portfolios decreased in balance in 2009, but the Bank used the CPP capital to support new volumes. The major types of loans included residential and commercial & industrial (C&I).
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The Bank began to experience increased non-performing assets in early 2009 and the CPP capital has permitted the Bank maintain its capital ratios above "well-capitalized" despite the significant increase in provision expense needed to increase its reserves.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Along with the increased reserves mentioned above, the Bank has had to charge-off a substantial amount of loans. The CPP capital permitted the Bank to take these charge-offs and still maintain its capital ratios.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

The Bank has been seeking additional sources of capital since the 2nd quarter of 2009, but has not been successful to date. Without the infusion of CPP funds, the Bank would have fallen below well-capitalized and most likely would have been put into receivership by its regulators.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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